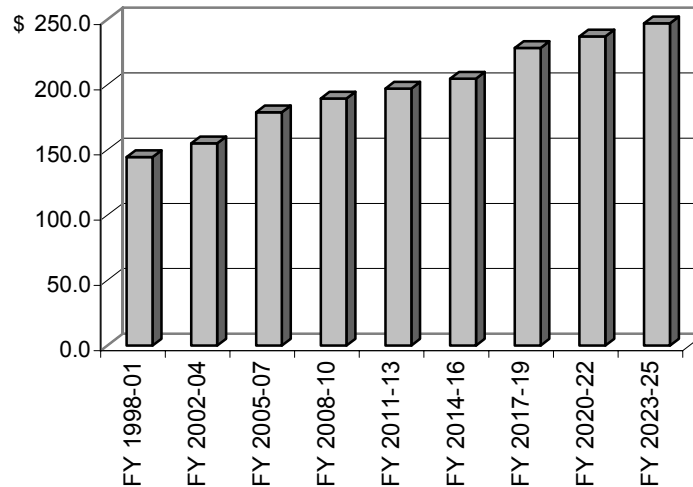


IOWA'S ANNUAL ANTICIPATED TOBACCO SETTLEMENT RECOVERIES (in millions)



- For FY 1998 through FY 2001, the data represents actual payments received by Iowa after adjustments for volume and inflation. For FY 2002 through FY 2025, the data represents anticipated payments without adjustments for volume and inflation.
- In addition to the annual recoveries depicted above, Public Financial Management projects that Iowa will receive a bonus of approximately \$237.3 million from the Strategic Contribution Fund for Iowa's contribution to the litigation and settlement of the tobacco lawsuit. The bonus will be paid to the State over a ten-year period beginning in FY 2008.
- Pursuant to the tobacco settlement agreement, attorney fees for Iowa's outside counsel will be paid by the tobacco industry in addition to the payments outlined above. The fees paid to Iowa's outside counsel will not impact Iowa's scheduled payments.
- Tobacco recoveries are adjusted annually for inflation and sales volume. The payments are compounded annually by 3.0% or the Consumer Price Index, whichever is greater. The payments are also adjusted to reflect fluctuations in the volume of cigarettes sold in the domestic market, as a function of the participating manufacturer's market share.
- Iowa securitized 78.0% of anticipated tobacco recoveries in October 2001. This generated a total of \$579.6 million in net proceeds. In November 2005, the Tobacco Settlement Authority (TSA) refunded the bonds and generated an additional \$153.7 million in net proceeds.
- Senate File 2432 (FY 2009 Infrastructure Appropriations Act) authorized the TSA to securitize the remaining 22.0% of anticipated tobacco payments on the condition that the bond issuance generates at least \$183.0 million in net proceeds. However, due to market conditions, the securitization did not take place.

Sources: Department of Justice and the Legislative Services Agency